

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In Re:

Case No. 04-34439

Tanya L Peterson
and Randy M Peterson,

Chapter 13 Case

Debtors,

**OBJECTION BY E-Z OWN FINANCING, INC.
TO CONFIRMATION OF CHAPTER 13 PLAN
WITH MEMORANDUM**

TO: Debtor(s) and other entities specified in Local Rule 9013-3.

1. E-Z Own Financing, Inc., (the "Respondent") is the holder of a claim in the above case, and, by its undersigned attorney, objects to confirmation of the proposed Chapter 13 Plan.
2. The petition commencing this Chapter 13 case was filed on July 30, 2004. The Debtor(s) have filed a Chapter 13 Plan which is scheduled for confirmation hearing on October 14, 2004 at 10:00 AM.
3. This objection arises under 11 U.S.C. §1324 and Fed. R. Bankr. P. 3015, and is filed under Fed. R. Bankr. P. 9014 and Local Rules 3015-3, 9013-2, 9013-3. Respondent objects to confirmation of the proposed Plan and requests an order denying confirmation of the proposed Plan.
4. Respondent is the holder of a claim, and is thus a party in interest.
5. The balance outstanding on the debt owed to Respondent by Debtor(s) is \$3,264.03.
6. Respondent holds a perfected security interest in a Compaq computer and Sofa/loveseat (the collateral). Copies of Respondent's Contract evidencing the underlying transaction are attached as Exhibit "A". The collateral is in the possession of the Debtor(s) herein. The present market value of the collateral on or about July 30, 2004 was \$2,949.98. Respondent's Contract provides for interest on the balance at the rate of 27.130 percent per year.

7. The Plan proposes that Debtor(s): (1) pay the Chapter 13 Trustee \$ 250 per month, (2) keep possession of the collateral, (3) allow Respondent to retain its lien on the collateral, and (4) pay Respondent on its claim through the Trustee payments.
8. The Plan includes Respondent's claim as an "Other Secured Claim [§1325(a)(5)]" and values Respondent's secured claim at \$ 800, treating any claim amount in excess of that value as a general unsecured claim and paying the secured claim value on a deferred payment basis.
9. The Plan proposes payments to Respondent of \$ 78 per month with payments beginning in month April 2005 with interest at unstated percent per year for total payments of \$897.
10. The Plan is objected to on the following grounds
 - a. Valuation. That the Plan does not provide adequate protection for Respondent's secured claim as required in §361(1); the scheduled collateral value is substantially understated, creating an unrealistically small secured claim value.

The Court must deny confirmation of a Plan that does not comply with the provisions of the Bankruptcy Code or the Local Rules under §1325(a)(1). Two of the crucial provisions regarding secured claims are those of adequate protection under §361 and of valuation of collateral under §506.

Debtor(s) claim the collateral is worth \$ 800.

Respondent is experienced in the re-sale of used merchandise within the Twin Cities metro area and other areas of Minnesota. Based on such experience, the value is believed to be about \$2949.98.

Debtor(s) propose to treat Respondent's claim as secured in the amount of \$800 despite a collateral value of \$ 2,949.98. The proposed lower valuation of Respondent's secured claim diminishes the actual amount Respondent will receive from the Trustee in a composition Plan, diminishes the amount of interest Respondent will receive on its claim pursuant to §506(b), and delays Respondent's claim being paid in full. Debtor(s)' proposal to treat Respondent's claim as secured for less than the N.A.D.A. retail value is in violation of §506(a) and §361(1), and thus Respondent objects to this Plan pursuant to §1325(a)(1) because the proposed Plan does not comply with the adequate protection requirements in the Bankruptcy Code.

- b. Delayed Adequate Protection. That the Plan does not provide adequate protection for Respondent's secured claim as required in §361(1); the proposed payments to Respondent are delayed for 6 months or more, including pre-petition defaults, to pay administrative expenses or other creditors, while the collateral continues to be used and depreciated by the Debtor(s), to the detriment of Respondent without any compensation.

Under §1325(a)(1), the Court must deny confirmation of a plan that does not comply with the provisions of the Bankruptcy Code or the Local Rules.

Chapter 13 Debtor(s) have, exclusive of the Chapter 13 trustee, certain rights and powers enumerated in §363, regarding the use, sale, or lease of property, subject however to providing appropriate adequate protection upon request of an affected entity. See §1303 and §363(e).

The Plan in this case provides for no payments to Respondent for the first 10 months. There is a pre-petition default in making payments since May 3, 2004. Meanwhile the Plan proposes continuing use of the collateral causing the collateral value to depreciate as a result of such use. The current normal rate of depreciation is estimated at \$75.00 per month.

Although administrative expenses such as Debtor(s)' attorneys fees have priority under §506, nonetheless such delay in Respondent receiving adequate protection payments is not reasonable. Since the Plan does not provide adequate protection to Respondent, the Plan does not comply with the requirements of §361 and §363 and is therefore not confirmable under §1325(a)(1).

- c. Depreciation Adequate Protection. That the Plan does not provide adequate protection for Respondent's secured claim as required in §361(1); the monthly payments proposed are insufficient to cover the usual depreciation in value of the collateral plus the interest accruing on the unpaid balance of the secured claim, resulting in a failure to reimburse Respondent for the continuing decrease in the value of Respondent's interest in the property.

Under §1325(a)(1), the Court must deny confirmation of a plan that does not comply with the provisions of the Bankruptcy Code or the Local Rules.

§361(1) requires the Debtor(s) to provide "periodic cash payments ... to the extent that the stay under section 362 of this title, use, sale, or lease under section 363 of this title, or any grant of a lien under section 364 of this title results in a decrease in the value of such entity's interest in such property."

The Debtor(s) is therefore required to make payments at least equal to the depreciation on the collateral plus interest on the secured claim balance. The depreciation is presently estimated at \$ 75 per month. Using a base interest rate of 6% based on the recent case law, interest accumulates on the secured claim balance at is \$14.75 per month. For adequate protection purposes, Debtor(s) must provide for at least \$89.75 per month to Respondent.

WHEREFORE, E-Z Own Financing, Inc. requests the court deny confirmation of the proposed plan, and grant dismissal of the case, and such other relief as may be just and equitable.

Dated:

STEWART, ZLIMEN & JUNGERS, LTD.

/e/ Linda Jeanne Jungers

Linda Jeanne Jungers, Atty ID #5303X

Attorneys for Movant

430 Oak Grove Street #200

Minneapolis, MN 55403

612-870-4100

This is a communication from a debt collector attempting to collect a debt. Any information obtained will be used for that purpose.

**Interest Bearing Combination Disclosure Statement
Promissory Note and Security Agreement**

FEDERAL TRUTH-IN-LENDING DISCLOSURE STATEMENT

CREDITOR (Called "You") E-Z OWN FINANCING, INC.	CREDITOR ADDRESS 36 DIVISION STREET WAITE PARK, MN 56387
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ACCOUNT NUMBER	DATE OF LOAN October 3, 2003	LOAN NUMBER 2076729
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BORROWER(S) (Called "I") NAME & ADDRESS TANYA PETERSON 729 6TH ST NE LITTLE FALLS, MN 56345	ADDITIONAL BORROWER (Called "I") NAME & ADDRESS
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ANNUAL PERCENTAGE RATE The cost of my credit as a yearly rate. 27.13%	FINANCE CHARGE The dollar amount the credit will cost me. \$ 243.72	Amount Financed The amount of credit provided to me or on my behalf. \$ 1,201.24	Total of Payments The amount I will have paid after I have made all payments as scheduled. \$ 1,444.96
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My payment schedule will be:

Number of Payments	Amount of Payments	When Payments Are Due
16	\$ 90.31	11/03/2003
		Monthly Beginning

SECURITY: I am giving a security interest in the following property (Called "the Property"):
231573600 COMPAG COMPUTER - NEW

CREDIT INSURANCE: Credit insurance is not required. If I choose to buy it through you, the cost to me will be as follows:

<input type="checkbox"/> Credit life insurance covering me alone for a term of _____	costs \$ _____
<input type="checkbox"/> Joint credit life insurance covering both buyers for a term of _____	costs \$ _____
<input type="checkbox"/> Credit accident and health insurance covering me alone for a term of _____	costs \$ _____
<input type="checkbox"/> Joint credit accident and health insurance covering both buyers for a term of _____	costs \$ _____

☐ I want the insurance checked above.
☒ I do not want credit insurance.

My Signature: Tanya Peterson Co-Borrower's Signature: _____

LATE CHARGES: If I don't pay a payment in full within 10 days of the due date, I will be charged \$6.24 or 5% of the payment, whichever is more.

PREPAYMENT: If I pay off early, I will not have to pay a penalty, and I will not be entitled to a refund of part of the finance charge.

See the contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

~~Subject to security interest in favor of~~

ACRO Business Finance

In this Agreement "I", "Me" and "My" refer to the Borrower(s) named in the Disclosure Statement above. "You" and "Your" refer to the Creditor. "Disclosure Statement" means the disclosures contained in the box outlined in bold letters above in this Agreement.

ITEMIZATION OF AMOUNT FINANCED	
1. Amount Paid to E-Z Own Sales, Inc. on my behalf	\$ 1,201.24
2. Amount of money I receive	\$ 0.00
3. Amount used to pay off a prior loan from you	\$ 0.00
4. Amounts paid to Insurance Companies (\$ 0.00) (Creditor has retained a portion of this amount)	\$ 0.00
5. Amount Financed (1 + 2 + 3 + 4)	\$ 1,201.24
6. Plus Prepaid Finance Charge (Non-refundable Administrative Fee)	\$ 25.00
7. Total Principal Amount (5 + 6)	\$ 1,226.24

1. Promise to Pay. I promise to pay you the Principal Amount shown on line 7 within the box titled "ITEMIZATION OF AMOUNT FINANCED" immediately to the left, plus interest on the unpaid balance of the Principal Amount of my loan from time to time. Interest will be at the contract rate of 24.00 % per year. Any Loan Administrative Fee included in the Finance Charge above is non-refundable.

You will apply my payments in the following manner. You will first deduct any late charges, charges for postponing the due dates of payment and other charges authorized under this Agreement or the law. After such deductions (if any), you will then apply my payments first to the interest I owe and then to the unpaid balance of my loan. I agree to all the terms of this Agreement.

I received and read a filled in copy of this Agreement before signing it. I agree to all its terms, including the arbitration clause under paragraph 11, and other terms on the other side of this Agreement.

X Tanya Peterson 10-3-03
Borrower's Signature Date

Address _____

X _____
Borrower's Signature Date

Second Borrower's Address (if different from above) _____

EXHIBIT
A

SEE OTHER SIDE OF THIS FORM. THIS AGREEMENT CONTINUES ON THE OTHER SIDE.

ADDITIONAL TERMS OF THIS AGREEMENT

2. **Payments.** I promise to pay you according to the payment schedule in the Disclosure Statement. I will make my payments at your office address shown on the Disclosure Statement, or to the Assignee, if any, at its address shown on the front side, until such time as you tell me in writing to make the payments at some other place. I will make my payments on the same day of each consecutive month unless the payment schedule in the Disclosure Statement shows a different schedule. If a month does not have a date which is the same as the due date, I will pay on the last day of that month. If I pay ahead of schedule, I'll pay less interest than if I had paid on the scheduled due dates. If my payments are late, I'll pay more interest than if I had paid on the scheduled due dates. You'll adjust the last payment due on the contract up or down to take account of any early or late payments I have made on the contract. I will pay you everything I owe under this contract on the final payment date. I may prepay all or any part of what I owe without any penalty. But, if I don't prepay the contract in full, I must continue making my regularly scheduled payments without any interruption until the contract is paid in full. Regardless of when my payment is made, I will pay you a service charge of \$30 on any dishonored check.

3. **Security.** To protect you from my default under this Agreement (or any extension or renewal of it), I give you a security interest in the Property. Your security interest also covers all accessions to and proceeds of the Property. "Accessions" are goods installed in or attached to the Property.

4. **Late Payment Charges.** I will pay you a charge for late payments as stated in the Disclosure Statement. If only part of my payment is late past the 10 day grace period, I will still have to pay the full late charge figured on the total scheduled payment amount. However, I will not owe a late payment charge for any payment I pay on or within 10 days of this due date if this payment would be a full payment of all my obligations through this due date except for a late payment charge, or a charge for postponing a due date, which I still owe for an earlier payment.

5. **Replacement of the Property.** If there is any damage or loss to any of the Property, I agree to repair or replace the Property promptly. I will instruct any insurance company and anyone else responsible for the damage or loss to make payment directly to you. You may, at your option, either release these payments to me to repair or replace the Property, or apply these payments to my debt under this Agreement. If you release any amounts to me for repair or replacement of the Property, I agree that I must repair or replace the Property to your satisfaction and must sign any documents or do whatever is necessary to give you a security interest and lien in the repaired or replaced Property that is ahead of any other security interest or lien in the Property. You won't release any amount to me if I am in default under this Agreement.

6. **Default.** I will be in default if any of the following things happen:

- (a) I fail to pay any payment in full on or before its due date;
- (b) I fail to keep any other promise or agreement under this contract or any contract which secures this contract (for example, any real estate mortgage);
- (c) I have made any false or misleading statement on my application for credit;
- (d) I file a petition under the bankruptcy laws;
- (e) I permanently remove any of the Property from Minnesota without your written permission;
- (f) I use the Property for any unlawful purpose;
- (g) I sell, lease or otherwise transfer possession and control of the Property without your written permission;
- (h) I do not keep the Property in good condition and repair or properly insured;
- (i) Someone tries to take the Property from me by legal proceedings;
- (j) Anything happens which you reasonably and in good faith believe endangers the Property or your security interest in the Property or my ability to keep all my agreements under this contract.

If I am in default, you may require immediate payment of everything I owe under this contract. You may do this without giving me any notice.

7. **Repossession of Property.** If I am in default under this Agreement (under "Default" above), you may take possession of the Property without notice to me or as required by applicable law. You may enter my property to repossess the Property, but you may not breach the peace or break the law. I will gather the Property together, and make it available for you to take possession.

If my personal liability to you for the debt created by this Agreement is discharged under the bankruptcy laws (because of my failure to provide you with an enforceable reaffirmation agreement or for any other reason), I agree that you may take immediate possession of the Property without giving me notice unless otherwise required by law.

8. **Collection Costs.** I will pay any collection costs you may incur to collect my debt to you under this Agreement, including fees you pay to a lawyer and court costs.

9. **Waiver and Delay in Enforcement.** You may waive (give up) or delay enforcement of your rights under this contract without losing them. For example, you may accept late payments from me without waiving your right to require that future payments be made when due. If you release any of us from this contract, the rest of us will not be released. You do not have to give me notice of any waiver, delay or release. You do not have to use your legal remedies against any one of us before you use your legal remedies against any of the rest of us. I will not be released from my obligations under this contract if you exchange any property which secures this contract. I agree to any renewals of this contract or any extensions that you give any of us.

10. **Law that Applies.** I agree that this contract is governed by Minnesota law.

11. **Arbitration.** Any claim, dispute or controversy ("Claim") by either me or you against the other, or against the employees, agents or assigns of the other, arising from or relating in any way to this contract, including Claims regarding the applicability of this arbitration clause or the validity of the entire contract, shall be resolved by binding arbitration by the National Arbitration Forum under the Code of Procedure in effect at the time the Claim is filed. Rules and forms of the National Arbitration Forum may be obtained and Claims may be filed at any National Arbitration Forum office, www.naf-forum.com, or P.O. Box 50191, Minneapolis, Minnesota, 55405, telephone 1-800-474-2371. Any arbitration hearing at which you appear will take place at a location within the federal judicial district that includes your billing address at the time the Claim is filed. Judgement upon any arbitration award may be entered in any court having jurisdiction. Nothing in this agreement shall be construed to prevent any party's use (or advancement of any claims, defenses, or offsets in bankruptcy proceedings) of collection activities including but not limited to repossession, replevin, judicial foreclosure or any other prejudgment or provisional remedy relating to any collateral, security or property interests for contractual debts now or hereafter owed by either party to the other under this contract.

IN THE ABSENCE OF THIS ARBITRATION AGREEMENT, I RECOGNIZE THAT I MAY OTHERWISE HAVE HAD THE RIGHT OR OPPORTUNITY TO LITIGATE CLAIMS THROUGH A COURT BEFORE A JUDGE OR JURY, AND/OR TO PARTICIPATE OR BE REPRESENTED IN LITIGATION FILED IN COURT BY OTHERS (INCLUDING CLASS ACTIONS), BUT EXCEPT AS OTHERWISE PROVIDED ABOVE, ALL CLAIMS MUST NOW BE RESOLVED THROUGH ARBITRATION.

NOTICE

ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED PURSUANT THERETO OR WITH THE PROCEEDS THEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER.

**Interest Bearing Combination Disclosure Statement
Promissory Note and Security Agreement**

FEDERAL TRUTH-IN-LENDING DISCLOSURE STATEMENT

CREDITOR (Called "You") E-Z OWN FINANCING, INC.	CREDITOR ADDRESS 36 DIVISION STREET WAITE PARK, MN 56387
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ACCOUNT NUMBER	DATE OF LOAN January 12, 2004	LOAN NUMBER 2076881
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BORROWER(S) (Called "I") NAME & ADDRESS TANYA PETERSON 1460 115TH ST NW #142 RICE, MN 56367	ADDITIONAL BORROWER (Called "I") NAME & ADDRESS
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ANNUAL PERCENTAGE RATE The cost of my credit as a yearly rate. 25.29%	FINANCE CHARGE The dollar amount the credit will cost me. \$ 569.28	Amount Financed The amount of credit provided to me or on my behalf. \$ 2,414.52	Total of Payments The amount I will have paid after I have made all payments as scheduled. \$ 2,983.80
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My payment schedule will be:

Number of Payments	Amount of Payments	When Payments Are Due
20	\$ 149.19	02/12/2004
		Monthly Beginning

SECURITY: I am giving a security interest in the following property (Called "the Property"):
232534770 SOFA/LOVE - NEW

CREDIT INSURANCE: Credit insurance is not required. If I choose to buy it through you, the cost to me will be as follows:

<input checked="" type="checkbox"/> Credit life insurance covering me alone for a term of 20 months	costs \$ 19.27
<input type="checkbox"/> Joint credit life insurance covering both buyers for a term of 20 months	costs \$ 118.76
<input type="checkbox"/> Credit accident and health insurance covering me alone for a term of 20 months	costs \$
<input type="checkbox"/> Joint credit accident and health insurance covering both buyers for a term of 20 months	costs \$

☒ I want the insurance checked above.
☐ I do not want credit insurance.

My Signature: [Signature] Co-Borrower's Signature: _____

LATE CHARGES: If I don't pay a payment in full within 10 days of the due date, I will be charged \$6.24 or 5% of the payment, whichever is more.

PREPAYMENT: If I pay off early, I will not have to pay a penalty, and I will not be entitled to a refund of part of the finance charge.

See the contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

my interest in favor of

In this Agreement "I", "Me" and "My" refer to the Borrower(s) named in the Disclosure Statement above: E-Z Own Sales, Inc. ~~you~~ ~~Business Finance~~ ~~Creditor~~. "Disclosure Statement" means the disclosures contained in the box outlined in bold letters above in this Agreement.

ITEMIZATION OF AMOUNT FINANCED

- | | |
|---|-------------|
| 1. Amount Paid to E-Z Own Sales, Inc. on my behalf | \$ 2,276.49 |
| 2. Amount of money I receive | \$ 0.00 |
| 3. Amount used to pay off a prior loan from you | \$ 0.00 |
| 4. Amounts paid to Insurance Companies (Creditor has retained a portion of this amount) | \$ 138.03 |
| 5. Amount Financed (1 + 2 + 3 + 4) | \$ 2,414.52 |
| 6. Plus Prepaid Finance Charge (Non-refundable Administrative Fee) | \$ 25.00 |
| 7. Total Principal Amount (5 + 6) | \$ 2,439.52 |

1. **Promise to Pay.** I promise to pay you the Principal Amount shown on line 7 within the box titled "ITEMIZATION OF AMOUNT FINANCED" immediately to the left, plus interest on the unpaid balance of the Principal Amount of my loan from time to time. Interest will be at the contract rate of 25.00% per year. Any Loan Administrative Fee included in the Finance Charge above is non-refundable.

You will apply my payments in the following manner. You will first deduct any late charges, charges for postponing the due dates of payment and other charges authorized under this Agreement or the law. After such deductions (if any), you will then apply my payments first to the interest I owe and then to the unpaid balance of my loan. I agree to all the terms of this Agreement.

I received and read a filled in copy of this Agreement before signing it. I agree to all its terms, including the arbitration clause under paragraph 11, and other terms on the other side of this Agreement.

Borrower's Signature: [Signature] Date: 1-12-04

Address: _____

X Borrower's Signature: _____ Date: _____

Second Borrower's Address (if different from above): _____

SEE OTHER SIDE OF THIS FORM. THIS AGREEMENT CONTINUES ON THE OTHER SIDE.

ADDITIONAL TERMS OF THIS AGREEMENT

2. **Payments.** I promise to pay you according to the payment schedule in the Disclosure Statement. I will make my payments at your office address shown on the Disclosure Statement, or to the Assignee, if any, at its address shown on the front side, until such time as you tell me in writing to make the payments at some other place. I will make my payments on the same day of each consecutive month unless the payment schedule in the Disclosure Statement shows a different schedule. If a month does not have a date which is the same as the due date, I will pay on the last day of that month. If I pay ahead of schedule, I'll pay less interest than if I had paid on the scheduled due dates. If my payments are late, I'll pay more interest than if I had paid on the scheduled due dates. You'll adjust the last payment due on the contract up or down to take account of any early or late payments I have made on the contract. I will pay you everything I owe under this contract on the final payment date. I may prepay all or any part of what I owe without any penalty. But, if I don't prepay the contract in full, I must continue making my regularly scheduled payments without any interruption until the contract is paid in full. Regardless of when my payment is made, I will pay you a service charge of \$30 on any dishonored check.
3. **Security.** To protect you from my default under this Agreement (or any extension or renewal of it), I give you a security interest in the Property. Your security interest also covers all accessions to and proceeds of the Property. "Accessions" are goods installed in or attached to the Property.
4. **Late Payment Charges.** I will pay you a charge for late payments as stated in the Disclosure Statement. If only part of my payment is late past the 10 day grace period, I will still have to pay the full late charge figured on the total scheduled payment amount. However, I will not owe a late payment charge for any payment I pay on or within 10 days of this due date if this payment would be a full payment of all my obligations through this due date except for a late payment charge, or a charge for postponing a due date, which I still owe for an earlier payment.
5. **Replacement of the Property.** If there is any damage or loss to any of the Property, I agree to repair or replace the Property promptly. I will instruct any insurance company and anyone else responsible for the damage or loss to make payment directly to you. You may, at your option, either release these payments to me to repair or replace the Property, or apply these payments to my debt under this Agreement. If you release any amounts to me for repair or replacement of the Property, I agree that I must repair or replace the Property to your satisfaction and must sign any documents or do whatever is necessary to give you a security interest and lien in the repaired or replaced Property that is ahead of any other security interest or lien in the Property. You won't release any amount to me if I am in default under this Agreement.
6. **Default.** I will be in default if any of the following things happen:
 - (a) I fail to pay any payment in full on or before its due date;
 - (b) I fail to keep any other promise or agreement under this contract or any contract which secures this contract (for example, any real estate mortgage);
 - (c) I have made any false or misleading statement on my application for credit;
 - (d) I file a petition under the bankruptcy laws;
 - (e) I permanently remove any of the Property from Minnesota without your written permission;
 - (f) I use the Property for any unlawful purpose;
 - (g) I sell, lease or otherwise transfer possession and control of the Property without your written permission;
 - (h) I do not keep the Property in good condition and repair or properly insured;
 - (i) Someone tries to take the Property from me by legal proceedings;
 - (j) Anything happens which you reasonably and in good faith believe endangers the Property or your security interest in the Property or my ability to keep all my agreements under this contract.
7. **Repossession of Property.** If I am in default under this Agreement (under "Default" above), you may take possession of the Property without notice to me or as required by applicable law. You may enter my property to repossess the Property, but you may not breach the peace or break the law. I will gather the Property together, and make it available for you to take possession.

If my personal liability to you for the debt created by this Agreement is discharged under the bankruptcy laws (because of my failure to provide you with an enforceable reaffirmation agreement or for any other reason), I agree that you may take immediate possession of the Property without giving me notice unless otherwise required by law.
8. **Collection Costs.** I will pay any collection costs you may incur to collect my debt to you under this Agreement, including fees you pay to a lawyer and court costs.
9. **Waiver and Delay in Enforcement.** You may waive (give up) or delay enforcement of your rights under this contract without losing them. For example, you may accept late payments from me without waiving your right to require that future payments be made when due. If you release any of us from this contract, the rest of us will not be released. You do not have to give me notice of any waiver, delay or release. You do not have to use your legal remedies against any one of us before you use your legal remedies against any of the rest of us. I will not be released from my obligations under this contract if you exchange any property which secures this contract. I agree to any renewals of this contract or any extensions that you give any of us.
10. **Law that Applies.** I agree that this contract is governed by Minnesota law.
11. **Arbitration.** Any claim, dispute or controversy ("Claim") by either me or you against the other, or against the employees, agents or assigns of the other, arising from or relating in any way to this contract, including Claims regarding the applicability of this arbitration clause or the validity of the entire contract, shall be resolved by binding arbitration by the National Arbitration Forum under the Code of Procedure in effect at the time the Claim is filed. Rules and forms of the National Arbitration Forum may be obtained and Claims may be filed at any National Arbitration Forum office, www.narb-forum.com, or P.O. Box 50191, Minneapolis, Minnesota, 55405, telephone 1-800-474-2371. Any arbitration hearing at which you appear will take place at a location within the federal judicial district that includes your billing address at the time the Claim is filed. Judgement upon any arbitration award may be entered in any court having jurisdiction. Nothing in this agreement shall be construed to prevent any party's use (or advancement of any claims, defenses, or offsets in bankruptcy proceedings) of collection activities including but not limited to repossession, replevin, judicial foreclosure or any other prejudgment or provisional remedy relating to any collateral, security or property interests for contractual debts now or hereafter owed by either party to the other under this contract.

IN THE ABSENCE OF THIS ARBITRATION AGREEMENT, I RECOGNIZE THAT I MAY OTHERWISE HAVE HAD THE RIGHT OR OPPORTUNITY TO LITIGATE CLAIMS THROUGH A COURT BEFORE A JUDGE OR JURY, AND/OR TO PARTICIPATE OR BE REPRESENTED IN LITIGATION FILED IN COURT BY OTHERS (INCLUDING CLASS ACTIONS), BUT EXCEPT AS OTHERWISE PROVIDED ABOVE, ALL CLAIMS MUST NOW BE RESOLVED THROUGH ARBITRATION.

NOTICE

ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED PURSUANT THERETO OR WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER.

If I am in default, you may require immediate payment of everything I owe under this contract. You may do this without giving me any notice.

04-03998-0

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In Re:
Tanya L. Peterson and Randy M. Peterson, Debtors.

Case No. 04-34439
Chapter 13 Case

VERIFICATION FOR CONFIRMATION OBJECTION

I, Steve A. Hunnicutt, the Designated Agent for E-Z Own Financing, Inc., the Creditor herein, declare under penalty of perjury that the following is true and correct according to the best of my knowledge, information and belief, and based on the Creditor's business records:

1. I am legally competent to testify and am personally familiar with the debt owed by Debtor to the Creditor on account nos. 2076729 and 2076881.
2. The Debtor Tanya Peterson owes the Creditor on the accounts as follows:

Account No.	Collateral	Balance Owed	Payment	Arrears
2076729	Compaq Computer	\$882.59	\$90.31	\$457.37
2076881	Sofa/Loveseat	\$2,381.44	\$149.19	\$882.38

3. The debt owed to the Creditor is secured by a perfected lien on a Compaq computer and Sofa/loveseat furniture. At the time of sale on October 3, 2003 and on January 12, 2004, the collateral was new and had a value at least equal to the purchase price. The current re-sale market value of the collateral is \$2,949.98. This value is based on our experience in the re-sale of used merchandise.
4. True and correct copies of the loan documents are attached to the Motion as Exhibit "A".
5. Debtors' continuing use of the collateral causes continuing loss of value at an estimated rate of \$75.00 depreciation per month.

Dated: 9-30-04


Steve A. Hunnicutt
E-Z Own Financing, Inc.
816 Main St
Red Wing, MN 55066

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In Re:

Case No. 04-34439

Tanya L Peterson
and Randy M Peterson,
Debtors,

Chapter 13 Case

UNSWORN DECLARATION OF PROOF OF SERVICE

I, Linda Jeanne Jungers, declare under penalty of perjury that on September 30, 2004, I mailed copies of the foregoing Objection to Confirmation of Plan with Memorandum, Verification, proposed Order, and Unsworn Declaration of Proof of Service, by first class mail, postage prepaid, to each entity named below at the address stated below for each entity.

Tanya L Peterson
1460 115th St NW, Apt 142
Rice, MN 56367

Randy M Peterson
1460 115th St NW, Apt 142
Rice, MN 56367

HOGLUND CHWIALKOWSKI & GREEMAN
Attn: Robert J Hoglund
PO Box 130938
Roseville, MN 55113

Michael J Farrell
Bankruptcy Trustee
PO Box 519
Barnesville, MN 56514

U.S. Trustee
1015 U.S. Courthouse
300 South 4th Street
Minneapolis, MN 55415

Executed on: September 30, 2004

Signed: /s/Linda Jeanne Jungers
Linda Jeanne Jungers
STEWART, ZLIMEN & JUNGERS
430 Oak Grove Street, #200
Minneapolis, MN 55403

04-03998-0

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In Re:

Case No. 04-34439

Tanya L Peterson
and Randy M Peterson,

Chapter 13 Case

Debtors,

ORDER DENYING CONFIRMATION OF CHAPTER 13 PLAN

This Chapter 13 case came on before the Court on October 14, 2004 at 10:00 AM, for hearing on confirmation of a proposed Plan of individual debt adjustment. Linda Jeanne Jungers appeared on behalf of E-Z Own Financing, Inc.. Other appearances were as noted in the record. Upon the record made at the hearing, and the other files, records, and proceedings in this case,

IT IS HEREBY ORDERED:

That confirmation of Debtor's Plan of debt adjustment is denied.

Dated:

BY THE COURT:

United States Bankruptcy Judge